

Witness: Moul
D.T.E. 03-40
Exhibit KEDNE/PRM-2

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

IN THE MATTER OF THE REVISION OF RATES

Filed by

BOSTON GAS COMPANY
D/B/A KEYSPAN ENERGY DELIVERY NEW ENGLAND

Case No. D.T.E. 03-40

Exhibit to Accompany

the

Direct Testimony

of

Paul R. Moul
Managing Consultant
P. Moul & Associates

Concerning
Cost of Equity

KEYSPAN ENERGY DELIVERY NEW ENGLAND

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Boston Gas Company
Summary Overall Rate of Return

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	48.16%	8.14%	3.92%
Preferred Stock	1.84%	6.42%	0.12%
Common Equity	<u>50.00%</u>	12.18%	<u>6.09%</u>
Total	<u>100.00%</u>		<u>10.13%</u>

Indicated levels of fixed charge coverage assuming that
the Company could actually achieve its overall rate of return:

Pre-tax coverage of interest expense based upon a 39.225% composite federal and state income tax rate (14.14% ÷ 3.92%)	3.61 x
Post-tax coverage of interest expense (10.13% ÷ 3.92%)	2.58 x
Overall coverage of interest expense and preferred stock dividends (10.13% ÷ 4.04%)	2.51 x

Boston Gas Company
Capitalization and Financial Statistics
1997-2001, Inclusive

	2001	2000	1999	1998	1997	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	\$ 425.0	\$ 508.8	\$ 536.0	\$ 514.1	\$ 488.0	
Short-Term Debt	\$ 147.4	\$ 114.8	\$ 51.2	\$ 28.9	\$ 39.7	
Total Capital	<u>\$ 572.4</u>	<u>\$ 623.7</u>	<u>\$ 587.2</u>	<u>\$ 543.0</u>	<u>\$ 527.7</u>	
Capital Structure Ratios						
Based on Permanent Capital:						Average
Long-Term Debt	52.7%	44.1%	42.0%	41.1%	43.4%	44.7%
Preferred Stock	3.6%	3.3%	4.9%	5.7%	6.0%	4.7%
Common Equity	43.7%	52.6%	53.0%	53.2%	50.6%	50.6%
	<u>100.0%</u>	<u>100.0%</u>	<u>99.9%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	64.9%	54.4%	47.1%	44.2%	47.6%	51.6%
Preferred Stock	2.7%	2.7%	4.5%	5.4%	5.6%	4.2%
Common Equity	32.5%	42.9%	48.4%	50.4%	46.8%	44.2%
	<u>100.1%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity	8.1%	9.9%	13.6%	13.9%	15.4%	12.2%
Operating Ratio (1)	93.1%	88.6%	86.7%	87.0%	88.9%	88.9%
Coverage incl. AFUDC (2)						
Pre-tax: All Interest Charges	3.77 x	3.35 x	4.61 x	4.45 x	4.22 x	4.08 x
Post-tax: All Interest Charges	2.80 x	2.45 x	3.25 x	3.12 x	3.06 x	2.94 x
Overall Coverage: All Int. & Pfd. Div.	2.54 x	2.30 x	2.94 x	2.82 x	2.78 x	2.68 x
Coverage excl. AFUDC (3)						
Pre-tax: All Interest Charges	3.70 x	3.30 x	4.56 x	4.42 x	4.18 x	4.03 x
Post-tax: All Interest Charges	2.74 x	2.41 x	3.20 x	3.09 x	3.03 x	2.89 x
Overall Coverage: All Int. & Pfd. Div.	2.49 x	2.25 x	2.89 x	2.79 x	2.75 x	2.63 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	3.7%	3.3%	2.2%	1.3%	1.7%	2.4%
Effective Income Tax Rate	34.9%	38.1%	37.7%	38.5%	35.8%	37.0%
Internal Cash Generation/Construction (4)	-13.6%	106.7%	103.7%	102.4%	110.7%	82.0%
Gross Cash Flow/ Avg. Total Debt(5)	10.1%	33.6%	34.3%	33.2%	32.7%	28.8%
Gross Cash Flow Interest Coverage(6)	10.25 x	6.20 x	6.04 x	5.58 x	5.62 x	6.74 x
Common Dividend Coverage (7)	0.70 x	4.54 x	3.18 x	4.45 x	3.68 x	3.31 x

See Page 2 for Notes.

Boston Gas Company
Capitalization and Financial Statistics
1997-2001, Inclusive

Notes:

- (1) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (2) Coverage calculations represent the number of times available earnings including AFUDC (allowance for funds used during construction), as reported in its entirety, cover fixed charges.
- (3) Coverage calculations represent the number of times available earnings excluding AFUDC (allowance for funds used during construction), as reported in its entirety, cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally generated funds from operations after payment of all cash dividends.
- (5) Gross Cash Flow plus interest charges divided by interest charges.

Source of Information: COMPUSTAT

Barometer Group
Capitalization and Financial Statistics (1)
1997-2001, Inclusive

	2001	2000	1999	1998	1997	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	\$ 1,195.1	\$ 981.1	\$ 990.7	\$ 978.3	\$ 935.4	
Short-Term Debt	\$ 211.7	\$ 228.4	\$ 127.2	\$ 87.6	\$ 83.2	
Total Capital	<u>\$ 1,406.8</u>	<u>\$ 1,209.5</u>	<u>\$ 1,117.9</u>	<u>\$ 1,065.9</u>	<u>\$ 1,018.6</u>	
Market-Based Financial Ratios						Average
Earnings/Price Ratio	7.0%	6.2%	6.2%	6.1%	6.4%	6.4%
Market/Book Ratio	192.4%	185.9%	194.6%	209.1%	206.1%	197.6%
Dividend Yield	4.7%	5.0%	4.8%	4.6%	4.6%	4.7%
Dividend Payout Ratio	67.9%	87.7%	87.9%	75.5%	74.5%	78.7%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	50.3%	46.2%	47.1%	48.8%	47.9%	48.0%
Preferred Stock	0.3%	0.4%	0.4%	0.8%	1.3%	0.7%
Common Equity	<u>49.4%</u>	<u>53.4%</u>	<u>52.5%</u>	<u>50.4%</u>	<u>50.8%</u>	<u>51.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	57.5%	56.0%	53.4%	53.2%	52.2%	54.4%
Preferred Stock	0.3%	0.3%	0.4%	0.8%	1.2%	0.6%
Common Equity	<u>42.2%</u>	<u>43.7%</u>	<u>46.2%</u>	<u>46.1%</u>	<u>46.6%</u>	<u>45.0%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity	13.6%	11.3%	11.8%	12.8%	13.3%	12.6%
Operating Ratio (2)	89.5%	87.4%	86.6%	86.7%	87.1%	87.5%
Coverage incl. AFUDC (3)						
Pre-tax: All Interest Charges	3.72 x	3.31 x	3.70 x	3.75 x	3.79 x	3.65 x
Post-tax: All Interest Charges	2.71 x	2.48 x	2.71 x	2.75 x	2.78 x	2.68 x
Overall Coverage: All Int. & Pfd. Div.	2.67 x	2.43 x	2.66 x	2.67 x	2.70 x	2.63 x
Coverage excl. AFUDC (3)						
Pre-tax: All Interest Charges	3.69 x	3.28 x	3.66 x	3.73 x	3.78 x	3.63 x
Post-tax: All Interest Charges	2.68 x	2.45 x	2.67 x	2.73 x	2.76 x	2.66 x
Overall Coverage: All Int. & Pfd. Div.	2.64 x	2.41 x	2.62 x	2.65 x	2.69 x	2.60 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	1.9%	1.6%	1.9%	1.2%	0.8%	1.5%
Effective Income Tax Rate	37.3%	35.2%	37.0%	37.0%	36.5%	36.6%
Internal Cash Generation/Construction (4)	85.7%	83.0%	74.2%	85.1%	83.3%	82.3%
Gross Cash Flow/ Avg. Total Debt(5)	21.3%	22.0%	23.0%	23.9%	23.8%	22.8%
Gross Cash Flow Interest Coverage(6)	4.23 x	4.39 x	4.62 x	4.49 x	4.18 x	4.38 x
Common Dividend Coverage (7)	3.09 x	3.00 x	2.87 x	2.89 x	2.76 x	2.92 x

See Page 2 for Notes.

Barometer Group
Capitalization and Financial Statistics
1997-2001, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross contribution expenditures.
- (5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (6) Gross Cash Flow plus interest charges divided by interest charges.
- (7) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Basis of Selection:

The Barometer Group includes companies that are engaged in similar business lines, have publicly-traded common stock that is listed on the New York Stock Exchange, are contained in The Value Line Investment Survey in the industry group entitled "Natural Gas Distribution," they have operations in the Northeastern, Great Lakes and Southeastern regions of the U.S., they have not cut or omitted their dividend, they have at least 70% of their assets represented by gas operations, and they are not currently the target of a merger or acquisition.

	Corporate Credit Rating (1)		Business Profile (1)	Common Stock Traded	S&P Common Stock Ranking	Value Line Beta
	<u>Moody's</u>	<u>S&P</u>				
<u>Gas Distribution Group</u>						
AGL Resources, Inc.	A3	A-	2	NYSE	B+	.75
Atmos Energy Corporation	A3	A-	4	NYSE	B+	.60
New Jersey Resources Corp.	A2	A	2	NYSE	A-	.65
NICOR, Inc.	Aa2	AA	2	NYSE	B+	.85
Peoples Energy	Aa3	A-	3	NYSE	B+	.75
Piedmont Natural Gas Co.	A2	A	3	NYSE	A-	.70
South Jersey Industries, Inc.	Baa1	BBB+	3	NYSE	B+	.50
WGL Holdings, Inc.	<u>A2</u>	<u>AA-</u>	<u>3</u>	NYSE	<u>B+</u>	<u>.65</u>
Average	<u>A2</u>	<u>A</u>	<u>3</u>		<u>B+</u>	<u>.68</u>

Notes: (1) Ratings/Profiles are those of utility subsidiaries.

Source of Information: Company Annual Reports to Stockholders
Utility COMPUSTAT
Moody's Investors Service
Standard & Poor's Corporation
S&P Stock Guide

Standard & Poor's Public Utilities
Capitalization and Financial Statistics (1)
1997-2001, Inclusive

	2001	2000	1999	1998	1997	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 14,321.2	\$ 11,953.8	\$ 10,029.1	\$ 8,839.1	\$ 7,922.4	
Short-Term Debt	\$ 1,080.9	\$ 1,514.1	\$ 855.2	\$ 575.1	\$ 402.1	
Total Capital	<u>\$ 15,402.1</u>	<u>\$ 13,467.9</u>	<u>\$ 10,884.3</u>	<u>\$ 9,414.2</u>	<u>\$ 8,324.5</u>	
Market-Based Financial Ratios						Average
Earnings/Price Ratio	8.0%	4.5%	7.0%	5.7%	6.6%	6.4%
Market/Book Ratio	207.9%	220.9%	197.5%	203.6%	186.5%	203.3%
Dividend Yield	3.5%	4.2%	4.4%	4.1%	4.7%	4.2%
Dividend Payout Ratio	67.8%	77.3%	64.6%	69.2%	70.2%	69.8%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	58.9%	57.3%	56.4%	54.0%	52.2%	55.8%
Preferred Stock	3.8%	3.7%	3.7%	3.5%	3.8%	3.7%
Common Equity	<u>37.3%</u>	<u>39.0%</u>	<u>39.9%</u>	<u>42.5%</u>	<u>44.1%</u>	<u>40.6%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	62.6%	62.4%	59.8%	56.5%	54.9%	59.2%
Preferred Stock	3.5%	3.4%	3.5%	3.3%	3.6%	3.5%
Common Equity	<u>33.9%</u>	<u>34.2%</u>	<u>36.7%</u>	<u>40.1%</u>	<u>41.4%</u>	<u>37.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity	14.4%	9.2%	12.5%	10.9%	11.5%	11.7%
Operating Ratio (2)	85.1%	86.6%	82.5%	83.0%	80.4%	83.5%
Coverage incl. AFUDC (3)						
Pre-tax: All Interest Charges	2.96 x	2.78 x	3.07 x	2.82 x	3.12 x	2.95 x
Post-tax: All Interest Charges	2.29 x	2.15 x	2.36 x	2.19 x	2.35 x	2.27 x
Overall Coverage: All Int. & Pfd. Div.	2.21 x	2.00 x	2.28 x	2.11 x	2.24 x	2.17 x
Coverage excl. AFUDC (3)						
Pre-tax: All Interest Charges	2.93 x	2.75 x	3.06 x	2.80 x	3.09 x	2.93 x
Post-tax: All Interest Charges	2.26 x	2.13 x	2.34 x	2.17 x	2.32 x	2.24 x
Overall Coverage: All Int. & Pfd. Div.	2.17 x	1.98 x	2.26 x	2.09 x	2.21 x	2.14 x
Quality of Earnings & Cash Flow						
AFUDC/Income Avail. for Common Equity	1.7%	4.7%	1.5%	1.8%	2.2%	2.4%
Effective Income Tax Rate	30.7%	35.0%	34.7%	36.5%	36.4%	34.7%
Internal Cash Generation/Construction (4)	91.1%	83.1%	102.6%	118.5%	138.4%	106.7%
Gross Cash Flow/ Avg. Total Debt(5)	17.7%	17.4%	20.3%	21.6%	24.2%	20.2%
Gross Cash Flow Interest Coverage(6)	3.68 x	3.75 x	3.99 x	3.88 x	4.27 x	3.91 x
Common Dividend Coverage (7)	5.96 x	4.24 x	4.24 x	4.25 x	4.34 x	4.61 x

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
1997-2001, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (7) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities
Company Identities

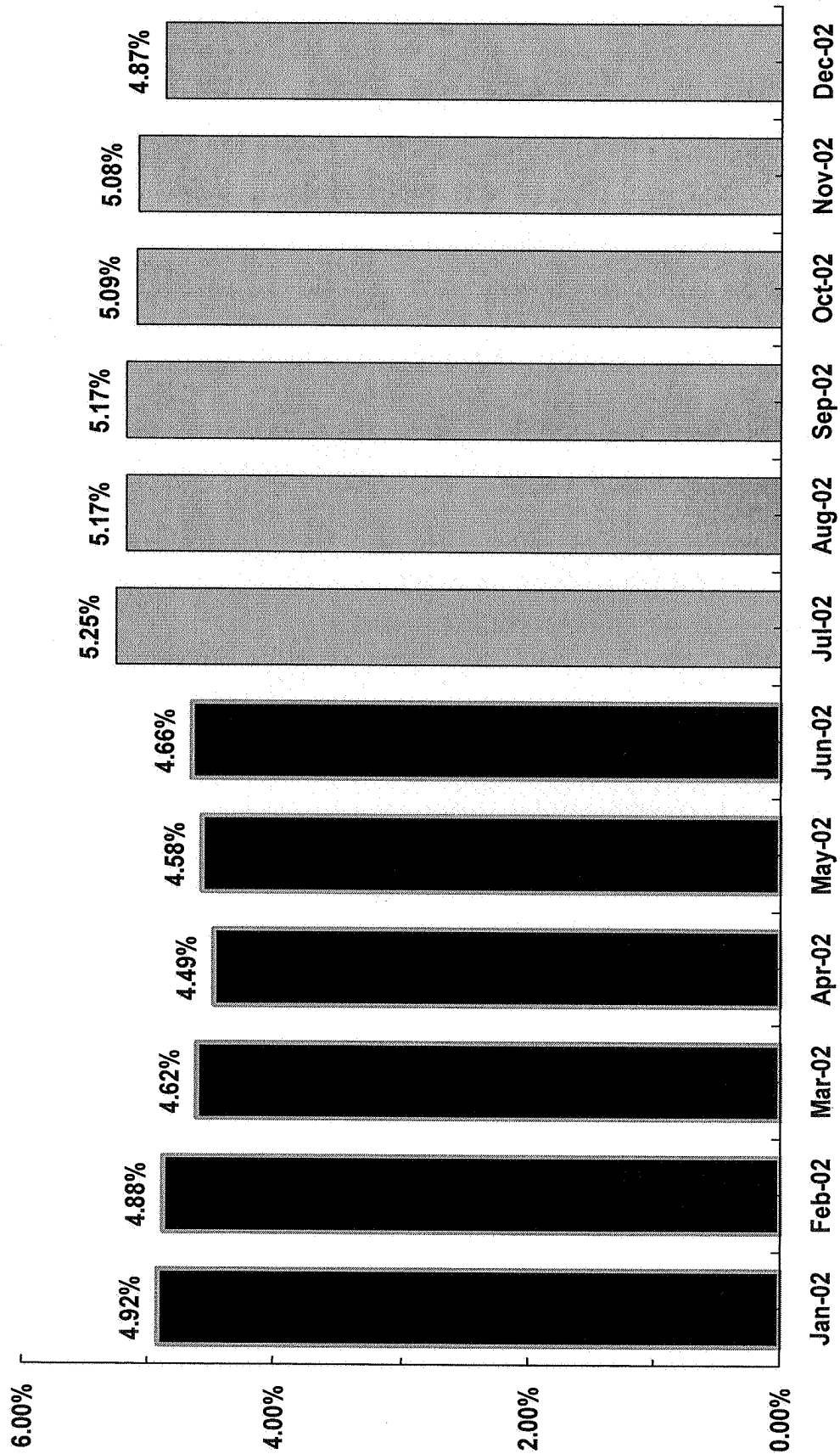
Company	Ticker	Credit Rating *		S&P Business Profile *	Common Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P				
AES Corp.	AES	Baa1	BB+	4	NYSE	B+	1.75
Allegheny Energy	AYE	Ba1	BB-	2	NYSE	A-	1.15
Ameren Corporation	AEE	A2	A-	4	NYSE	A-	0.60
American Electric Power	AEP	Baa2	BBB+	3	NYSE	B+	0.90
Calpine Corp.	CPN	B1	BB	-	NYSE	NR	1.75
CenterPoint Energy	CNP	Baa3	BBB	5	NYSE	B	
CINergy Corp.	CIN	Baa1	BBB+	4	NYSE	B	0.70
CMS Energy	CMS	Ba1	BB	6	NYSE	B	0.90
Consolidated Edison	ED	A1	A+	3	NYSE	A-	0.55
Constellation Energy Group	CEG	A2	A-	3	NYSE	A-	0.75
DTE Energy Co.	DTE	Baa1	BBB+	6	NYSE	B+	0.60
Dominion Resources	D	A3	A-	4	NYSE	B	0.75
Duke Energy	DUK	A3	A-	5	NYSE	A-	0.85
Dynegy Inc. (New) Class A	DYN	B3	B	6	NYSE	B	2.65
Edison Int'l	EIX	Ba3	BB	8	NYSE	B	0.90
El Paso Corp.	EP	B1	BB	4	NYSE	B+	1.40
Entergy Corp.	ETR	Baa3	BBB	6	NYSE	B	0.65
Exelon Corp.	EXC	A3	A-	4	NYSE	B	0.70
FPL Group	FPL	A1	A	4	NYSE	B+	0.55
FirstEnergy Corp.	FE	Baa2	BBB	6	NYSE	B+	0.65
Keyspan Energy	KSE	A3	A	3	NYSE	B+	0.65
Kinder Morgan	KMI	Baa2	BBB	5	NYSE	B	0.75
Mirant Corporation	MIR	Ba3	BB	7	NYSE	NR	2.05
NICOR Inc.	GAS	Aa2	AA	2	NYSE	B+	0.85
NiSource Inc.	NI	Baa2	BBB	5	NYSE	A	0.60
PG&E Corp.	PCG	Caa2	D	9	NYSE	B	0.90
PPL Corp.	PPL	Baa1	A-	4	NYSE	B+	0.80
Peoples Energy	PGL	Aa3	A-	3	NYSE	B+	0.75
Pinnacle West Capital	PNW	Baa1	BBB	3	NYSE	A-	0.70
Progress Energy, Inc.	PGN	Baa1	BBB+	5	NYSE	A-	
Public Serv. Enterprise Inc.	PEG	Baa1	BBB	3	NYSE	B+	0.70
Sempra Energy	SRE	A2	A+	5	NYSE	NR	0.80
Southern Co.	SO	A2	A	4	NYSE	A-	
TECO Energy	TE	A2	BBB	4	NYSE	A	0.70
TXU CORP	TXU	Baa3	BBB	6	NYSE	B	0.85
Williams Cos.	WMB	Caa1	B+	6	NYSE	B	2.15
Xcel Energy Inc	XEL	Baa1	BBB+	4	NYSE	B+	0.65
Average for S&P Utilities		Baa2	BBB	5		B+	0.96

Note: * Ratings/Profiles are those of utility subsidiaries

Source of Information: Moody's Investors Service
Standard & Poor's Corporation
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

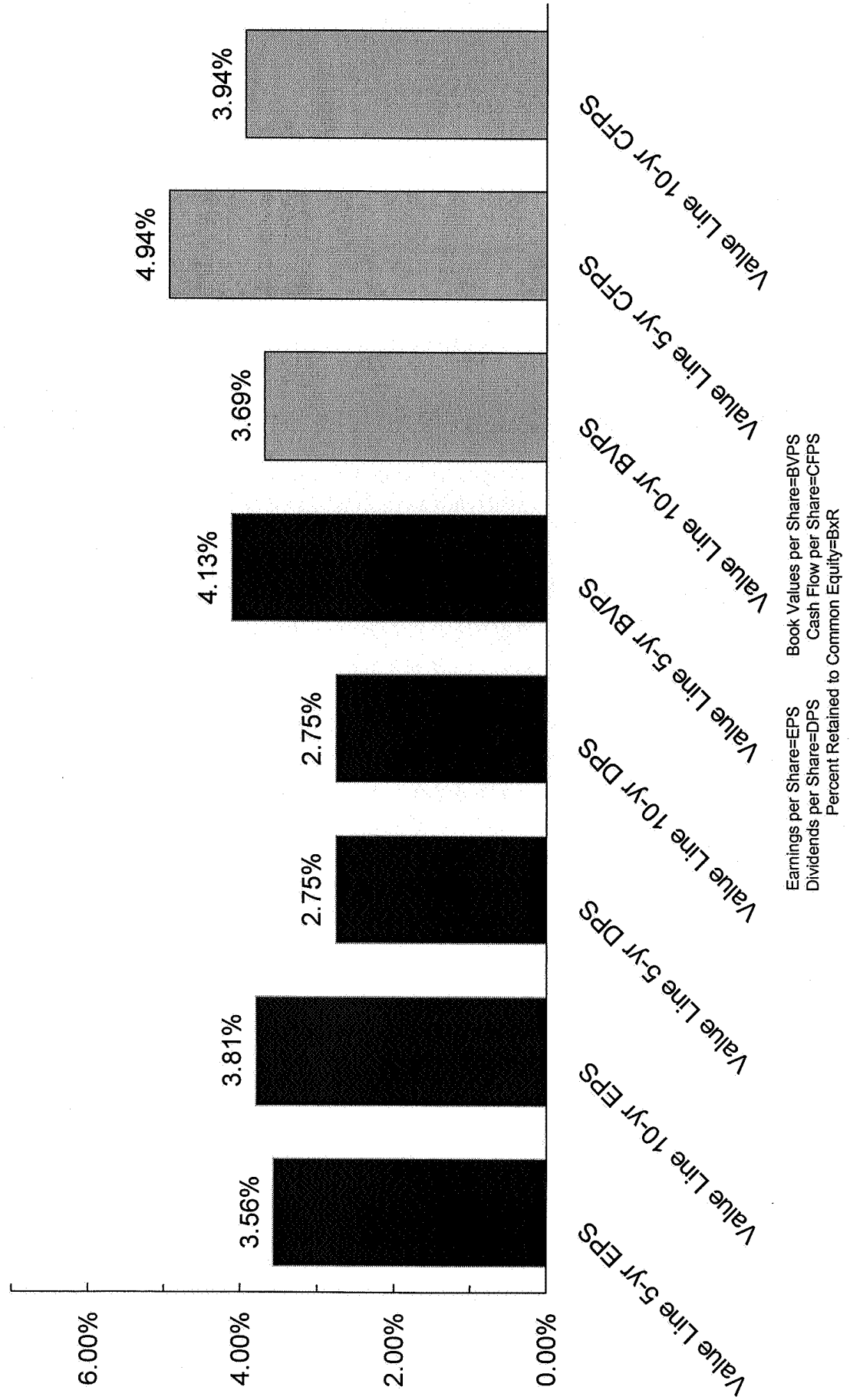
Barometer Group

Monthly Dividend Yields



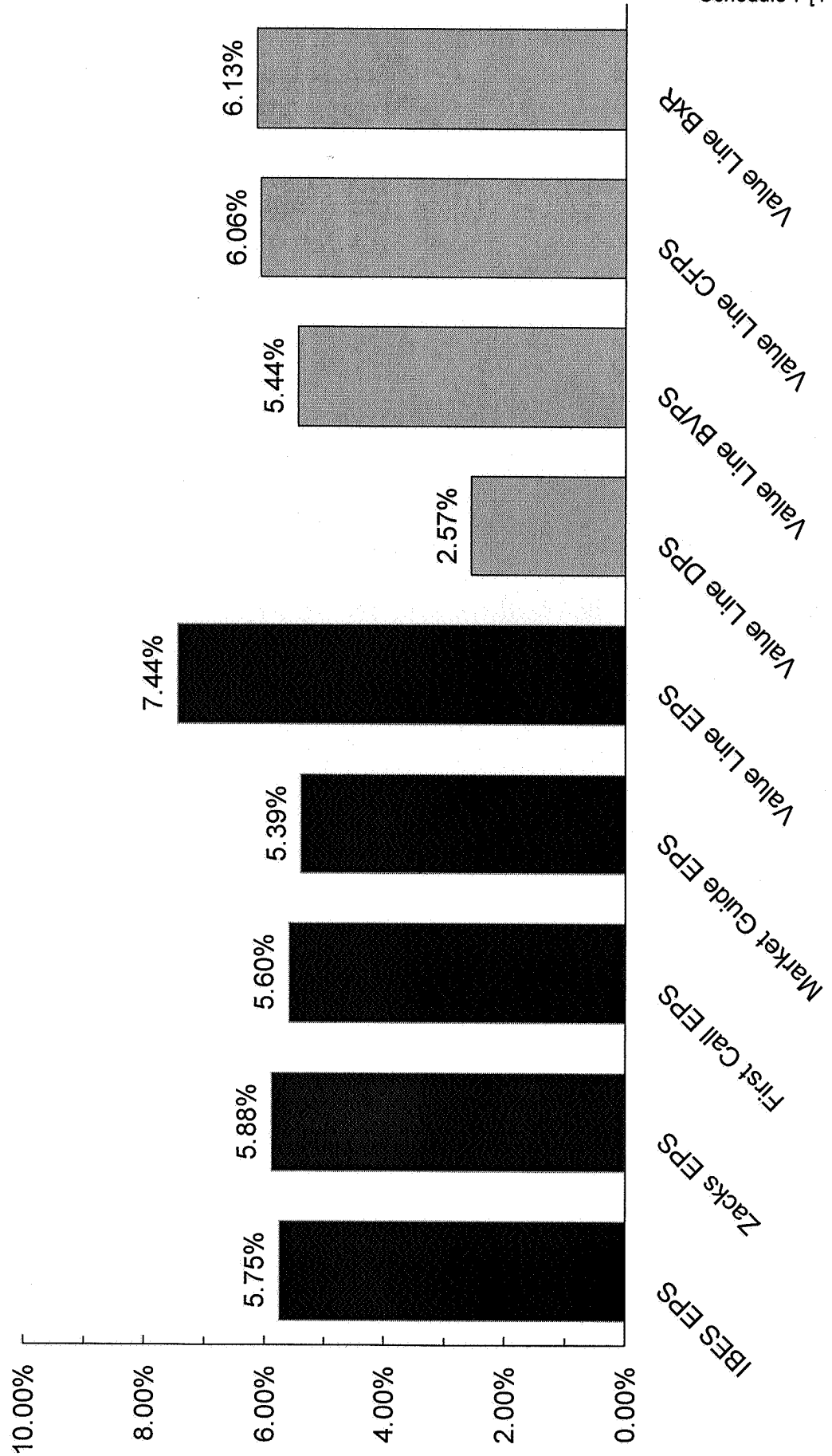
Barometer Group

Historical Growth Rates



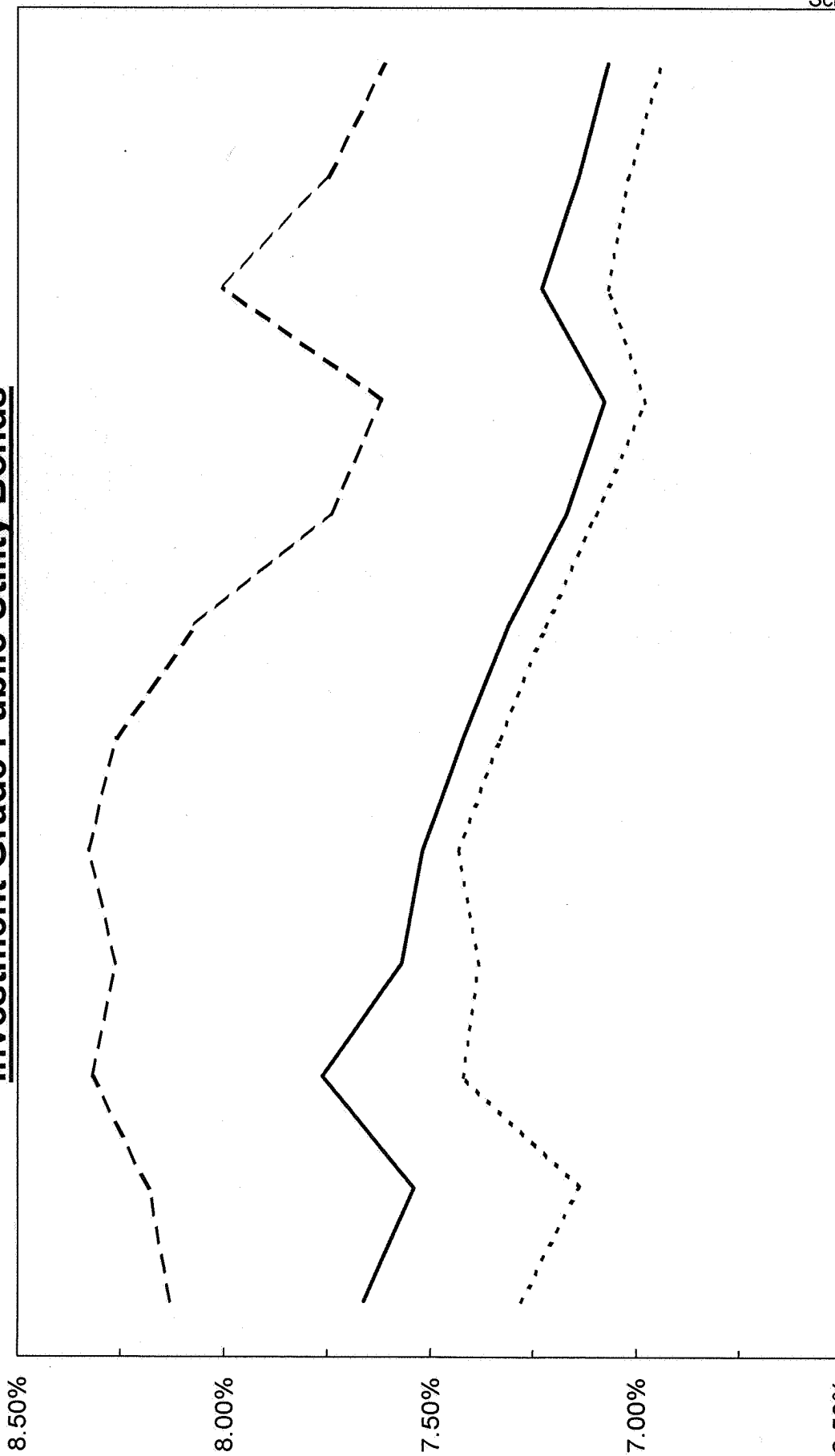
Barometer Group

Five-Year Projected Growth Rates



Earnings per Share=EPS
Dividends per Share=DPS
Book Values per Share=BVPS
Cash Flow per Share=CFPS
Percent Retained to Common Equity=BxR

Interest Rates for Investment Grade Public Utility Bonds



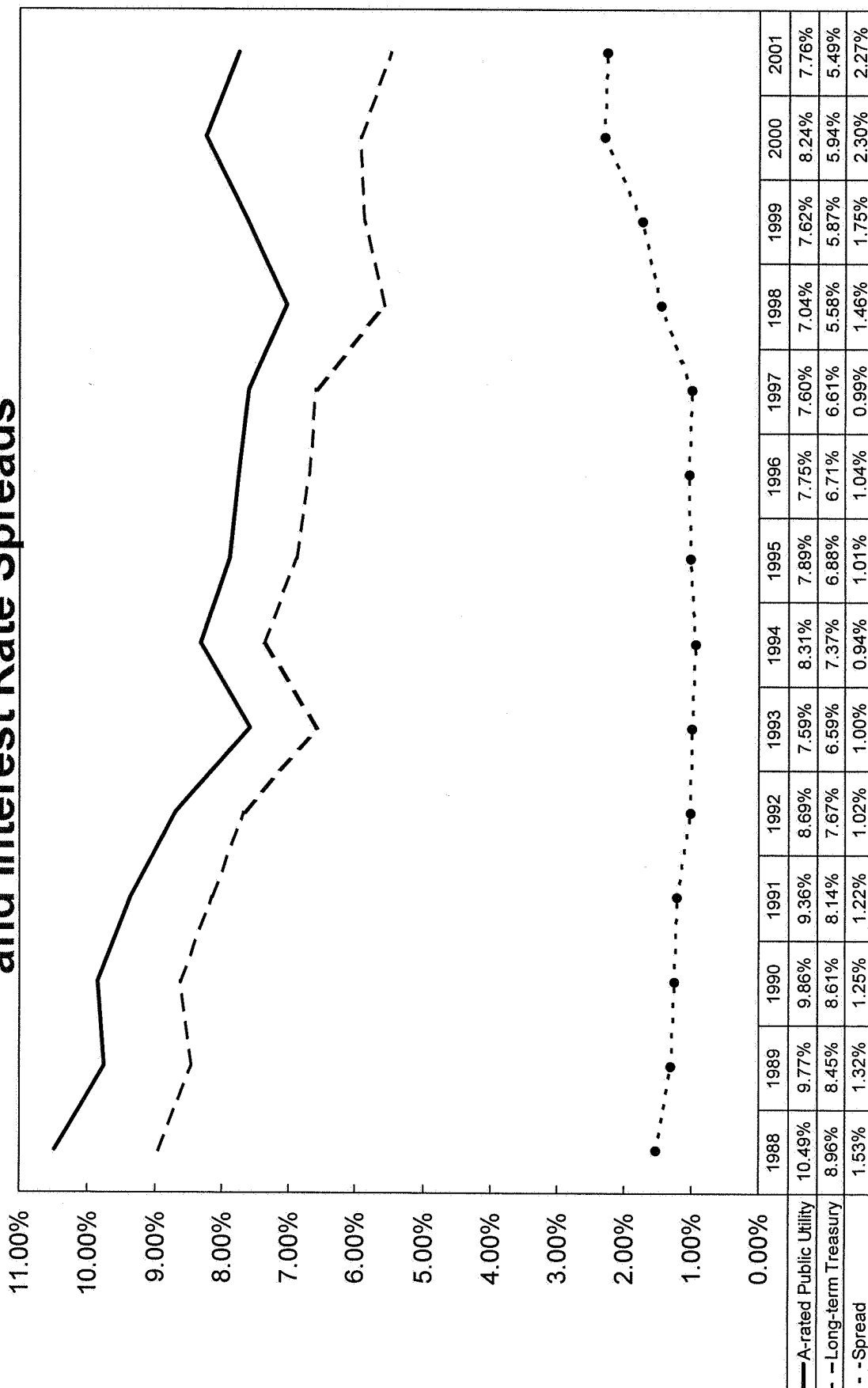
	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
- - - - Aa	7.28%	7.14%	7.42%	7.38%	7.43%	7.33%	7.22%	7.10%	6.98%	7.07%	7.02%	6.94%
— — — A	7.66%	7.54%	7.76%	7.57%	7.52%	7.42%	7.31%	7.17%	7.08%	7.23%	7.14%	7.07%
- - - Baa	8.13%	8.18%	8.32%	8.26%	8.33%	8.26%	8.07%	7.74%	7.62%	8.00%	7.75%	7.61%

**Interest Rates for Investment Grade Public Utility Bonds
Yearly for 1997-2001
and the Twelve Months Ended December 2002**

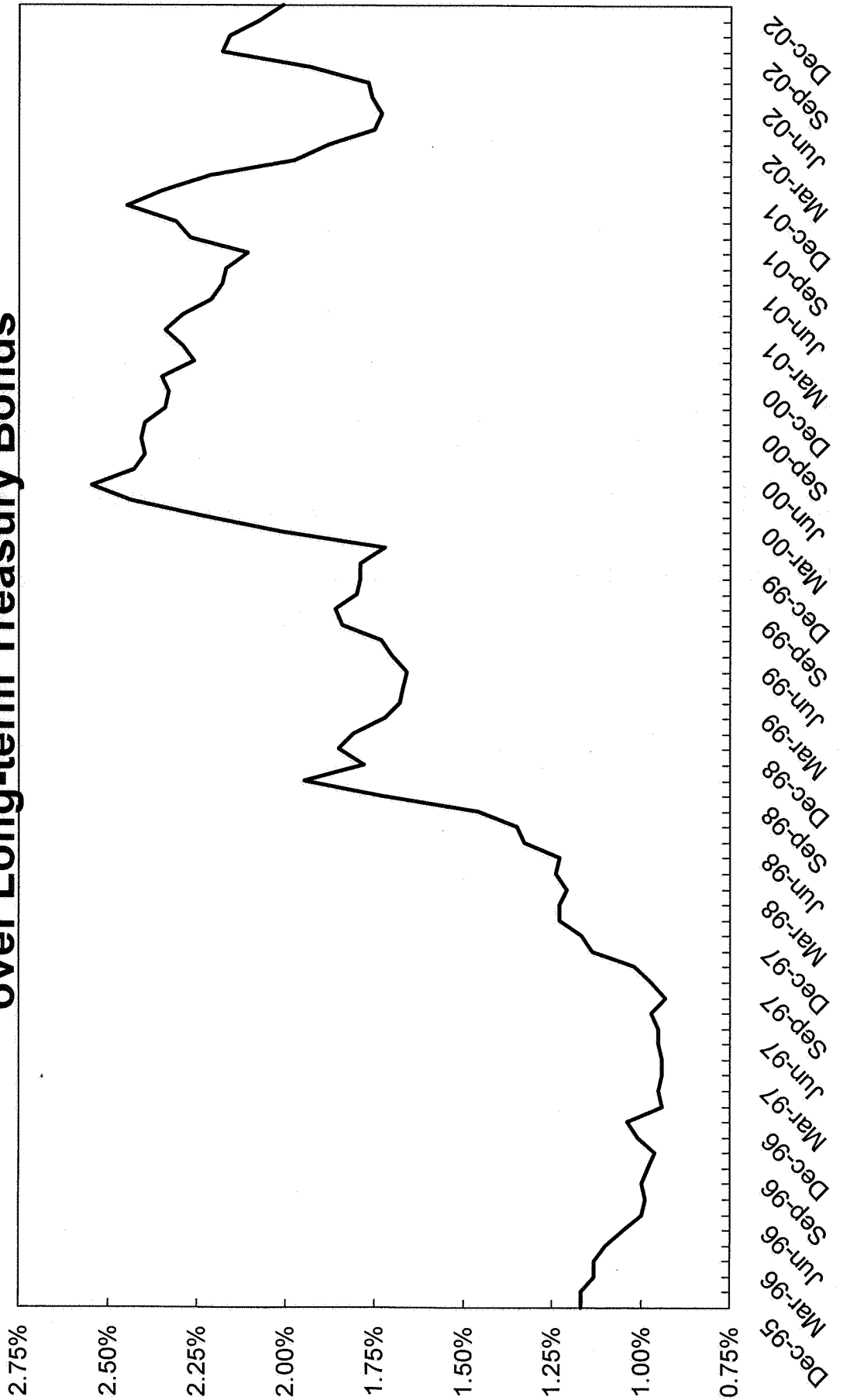
<u>Years</u>	<u>Aaa Rated</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>	<u>Average</u>
1997	7.42%	7.54%	7.60%	7.95%	7.63%
1998	6.77%	6.91%	7.04%	7.26%	7.00%
1999	7.21%	7.51%	7.62%	7.88%	7.56%
2000	7.88%	8.06%	8.24%	8.36%	8.14%
2001	7.48%	7.58%	7.76%	8.03%	7.72%
Five-Year Average	<u>7.35%</u>	<u>7.52%</u>	<u>7.65%</u>	<u>7.90%</u>	<u>7.61%</u>
<u>Months</u>					
Jan-02		7.28%	7.66%	8.13%	7.69%
Feb-02		7.14%	7.54%	8.18%	7.62%
Mar-02		7.42%	7.76%	8.32%	7.83%
Apr-02		7.38%	7.57%	8.26%	7.74%
May-02		7.43%	7.52%	8.33%	7.76%
Jun-02		7.33%	7.42%	8.26%	7.67%
Jul-02		7.22%	7.31%	8.07%	7.54%
Aug-02		7.10%	7.17%	7.74%	7.34%
Sep-02		6.98%	7.08%	7.62%	7.23%
Oct-02		7.07%	7.23%	7.99%	7.43%
Nov-02		7.03%	7.14%	7.75%	7.31%
Dec-02		6.94%	7.07%	7.61%	7.20%
Twelve-Month Average		<u>7.19%</u>	<u>7.37%</u>	<u>8.02%</u>	<u>7.53%</u>
Six-Month Average		<u>7.06%</u>	<u>7.17%</u>	<u>7.80%</u>	<u>7.34%</u>
Three-Month Average		<u>7.01%</u>	<u>7.15%</u>	<u>7.78%</u>	<u>7.31%</u>

Source of Information: Moody's Investors Services, Inc.

Yields on A-rated Public Utility Bonds & Long-term Treasury Bonds and Interest Rate Spreads



Interest Rate Spreads A-rated Public Utility Bonds over Long-term Treasury Bonds



Yield Spreads
A rated Public Utility Bonds
over Long-term Treasury Bonds

<u>Month</u>	<u>A rated Public Utility</u>	<u>Long-term Treasury</u>	<u>Spread</u>	<u>Month</u>	<u>A rated Public Utility</u>	<u>Long-term Treasury</u>	<u>Spread</u>
Dec-95	7.23%	6.06%	1.17%				
Jan-96	7.22%	6.05%	1.17%	Jul-99	7.71%	5.98%	1.73%
Feb-96	7.37%	6.24%	1.13%	Aug-99	7.91%	6.07%	1.84%
Mar-96	7.73%	6.60%	1.13%	Sep-99	7.93%	6.07%	1.86%
Apr-96	7.89%	6.79%	1.10%	Oct-99	8.06%	6.26%	1.80%
May-96	7.98%	6.93%	1.05%	Nov-99	7.94%	6.15%	1.79%
Jun-96	8.06%	7.06%	1.00%	Dec-99	8.14%	6.35%	1.79%
Jul-96	8.02%	7.03%	0.99%	Jan-00	8.35%	6.63%	1.72%
Aug-96	7.84%	6.84%	1.00%	Feb-00	8.25%	6.23%	2.02%
Sep-96	8.01%	7.03%	0.98%	Mar-00	8.28%	6.05%	2.23%
Oct-96	7.77%	6.81%	0.96%	Apr-00	8.29%	5.85%	2.44%
Nov-96	7.49%	6.48%	1.01%	May-00	8.70%	6.15%	2.55%
Dec-96	7.59%	6.55%	1.04%	Jun-00	8.36%	5.93%	2.43%
Jan-97	7.77%	6.83%	0.94%	Jul-00	8.25%	5.85%	2.40%
Feb-97	7.64%	6.69%	0.95%	Aug-00	8.13%	5.72%	2.41%
Mar-97	7.87%	6.93%	0.94%	Sep-00	8.23%	5.83%	2.40%
Apr-97	8.03%	7.09%	0.94%	Oct-00	8.14%	5.80%	2.34%
May-97	7.89%	6.94%	0.95%	Nov-00	8.11%	5.78%	2.33%
Jun-97	7.72%	6.77%	0.95%	Dec-00	7.84%	5.49%	2.35%
Jul-97	7.48%	6.51%	0.97%	Jan-01	7.80%	5.54%	2.26%
Aug-97	7.51%	6.58%	0.93%	Feb-01	7.74%	5.45%	2.29%
Sep-97	7.47%	6.50%	0.97%	Mar-01	7.68%	5.34%	2.34%
Oct-97	7.35%	6.33%	1.02%	Apr-01	7.94%	5.65%	2.29%
Nov-97	7.25%	6.11%	1.14%	May-01	7.99%	5.78%	2.21%
Dec-97	7.16%	5.99%	1.17%	Jun-01	7.85%	5.67%	2.18%
Jan-98	7.04%	5.81%	1.23%	Jul-01	7.78%	5.61%	2.17%
Feb-98	7.12%	5.89%	1.23%	Aug-01	7.59%	5.48%	2.11%
Mar-98	7.16%	5.95%	1.21%	Sep-01	7.75%	5.48%	2.27%
Apr-98	7.16%	5.92%	1.24%	Oct-01	7.63%	5.32%	2.31%
May-98	7.16%	5.93%	1.23%	Nov-01	7.57%	5.12%	2.45%
Jun-98	7.03%	5.70%	1.33%	Dec-01	7.83%	5.48%	2.35%
Jul-98	7.03%	5.68%	1.35%	Jan-02	7.66%	5.45%	2.21%
Aug-98	7.00%	5.54%	1.46%	Feb-02	7.54%	5.56%	1.98%
Sep-98	6.93%	5.20%	1.73%	Mar-02	7.76%	5.88%	1.88%
Oct-98	6.96%	5.01%	1.95%	Apr-02	7.57%	5.82%	1.75%
Nov-98	7.03%	5.25%	1.78%	May-02	7.52%	5.79%	1.73%
Dec-98	6.91%	5.06%	1.85%	Jun-02	7.42%	5.66%	1.76%
Jan-99	6.97%	5.16%	1.81%	Jul-02	7.31%	5.54%	1.77%
Feb-99	7.09%	5.37%	1.72%	Aug-02	7.17%	5.23%	1.94%
Mar-99	7.26%	5.58%	1.68%	Sep-02	7.08%	4.90%	2.18%
Apr-99	7.22%	5.55%	1.67%	Oct-02	7.23%	5.07%	2.16%
May-99	7.47%	5.81%	1.66%	Nov-02	7.14%	5.10%	2.04%
Jun-99	7.74%	6.04%	1.70%	Dec-02	7.07%	5.06%	2.01%

S&P Composite Index and S&P Public Utility Index
Long-Term Corporate and Public Utility Bonds
Yearly Total Returns
1928-2001

Year	S & P Composite Index	S & P Public Utility Index	Long Term Corporate Bonds	Public Utility Bonds
1928	43.61%	57.47%	2.84%	3.08%
1929	-8.42%	11.02%	3.27%	2.34%
1930	-24.90%	-21.96%	7.98%	4.74%
1931	-43.34%	-35.90%	-1.85%	-11.11%
1932	-8.19%	-0.54%	10.82%	7.25%
1933	53.99%	-21.87%	10.38%	-3.82%
1934	-1.44%	-20.41%	13.84%	22.61%
1935	47.67%	76.63%	9.61%	16.03%
1936	33.92%	20.69%	6.74%	8.30%
1937	-35.03%	-37.04%	2.75%	-4.05%
1938	31.12%	22.45%	6.13%	8.11%
1939	-0.41%	11.26%	3.97%	6.76%
1940	-9.78%	-17.15%	3.39%	4.45%
1941	-11.59%	-31.57%	2.73%	2.15%
1942	20.34%	15.39%	2.60%	3.81%
1943	25.90%	46.07%	2.83%	7.04%
1944	19.75%	18.03%	4.73%	3.29%
1945	36.44%	53.33%	4.08%	5.92%
1946	-8.07%	1.26%	1.72%	2.98%
1947	5.71%	-13.16%	-2.34%	-2.19%
1948	5.50%	4.01%	4.14%	2.65%
1949	18.79%	31.39%	3.31%	7.16%
1950	31.71%	3.25%	2.12%	2.01%
1951	24.02%	18.63%	-2.69%	-2.77%
1952	18.37%	19.25%	3.52%	2.99%
1953	-0.99%	7.85%	3.41%	2.08%
1954	52.62%	24.72%	5.39%	7.57%
1955	31.56%	11.26%	0.48%	0.12%
1956	6.56%	5.06%	-6.81%	-6.25%
1957	-10.78%	6.36%	8.71%	3.58%
1958	43.36%	40.70%	-2.22%	0.18%
1959	11.96%	7.49%	-0.97%	-2.29%
1960	0.47%	20.26%	9.07%	9.01%
1961	26.89%	29.33%	4.82%	4.65%
1962	-8.73%	-2.44%	7.95%	6.55%
1963	22.80%	12.36%	2.19%	3.44%
1964	16.48%	15.91%	4.77%	4.94%
1965	12.45%	4.67%	-0.46%	0.50%
1966	-10.06%	-4.48%	0.20%	-3.45%
1967	23.98%	-0.63%	-4.95%	-3.63%
1968	11.06%	10.32%	2.57%	1.87%
1969	-8.50%	-15.42%	-8.09%	-6.66%
1970	4.01%	16.56%	18.37%	15.90%
1971	14.31%	2.41%	11.01%	11.59%
1972	18.98%	8.15%	7.26%	7.19%
1973	-14.66%	-18.07%	1.14%	2.42%
1974	-26.47%	-21.55%	-3.06%	-5.28%
1975	37.20%	44.49%	14.64%	15.50%
1976	23.84%	31.81%	18.65%	19.04%
1977	-7.18%	8.64%	1.71%	5.22%
1978	6.56%	-3.71%	-0.07%	-0.98%
1979	18.44%	13.58%	-4.18%	-2.75%
1980	32.42%	15.08%	-2.76%	-0.23%
1981	-4.91%	11.74%	-1.24%	4.27%
1982	21.41%	26.52%	42.56%	33.52%
1983	22.51%	20.01%	6.26%	10.33%
1984	6.27%	26.04%	16.86%	14.82%
1985	32.16%	33.05%	30.09%	26.48%
1986	18.47%	28.53%	19.85%	18.16%
1987	5.23%	-2.92%	-0.27%	3.02%
1988	16.81%	18.27%	10.70%	10.19%
1989	31.49%	47.80%	16.23%	15.61%
1990	-3.17%	-2.57%	6.78%	8.13%
1991	30.55%	14.61%	19.89%	19.25%
1992	7.67%	8.10%	9.39%	8.65%
1993	9.99%	14.41%	13.19%	10.59%
1994	1.31%	-7.94%	-5.76%	-4.72%
1995	37.43%	42.15%	27.20%	22.81%
1996	23.07%	3.14%	1.40%	3.04%
1997	33.36%	24.69%	12.95%	11.39%
1998	28.58%	14.82%	10.76%	9.44%
1999	21.04%	-8.85%	-7.45%	-1.69%
2000	-9.11%	59.70%	12.87%	9.45%
2001	-11.88%	-30.41%	10.65%	5.85%
Geometric Mean	10.37%	8.77%	5.72%	5.49%
Arithmetic Mean	12.33%	11.11%	6.06%	5.79%
Standard Deviation	20.30%	22.65%	8.76%	8.11%
Median	15.40%	11.26%	4.03%	4.55%

**Tabulation of Risk Rate Differentials for
S&P Public Utility Index and Public Utility Bonds
For the Years 1928-2001, 1952-2001, 1974-2001, and 1979-2001**

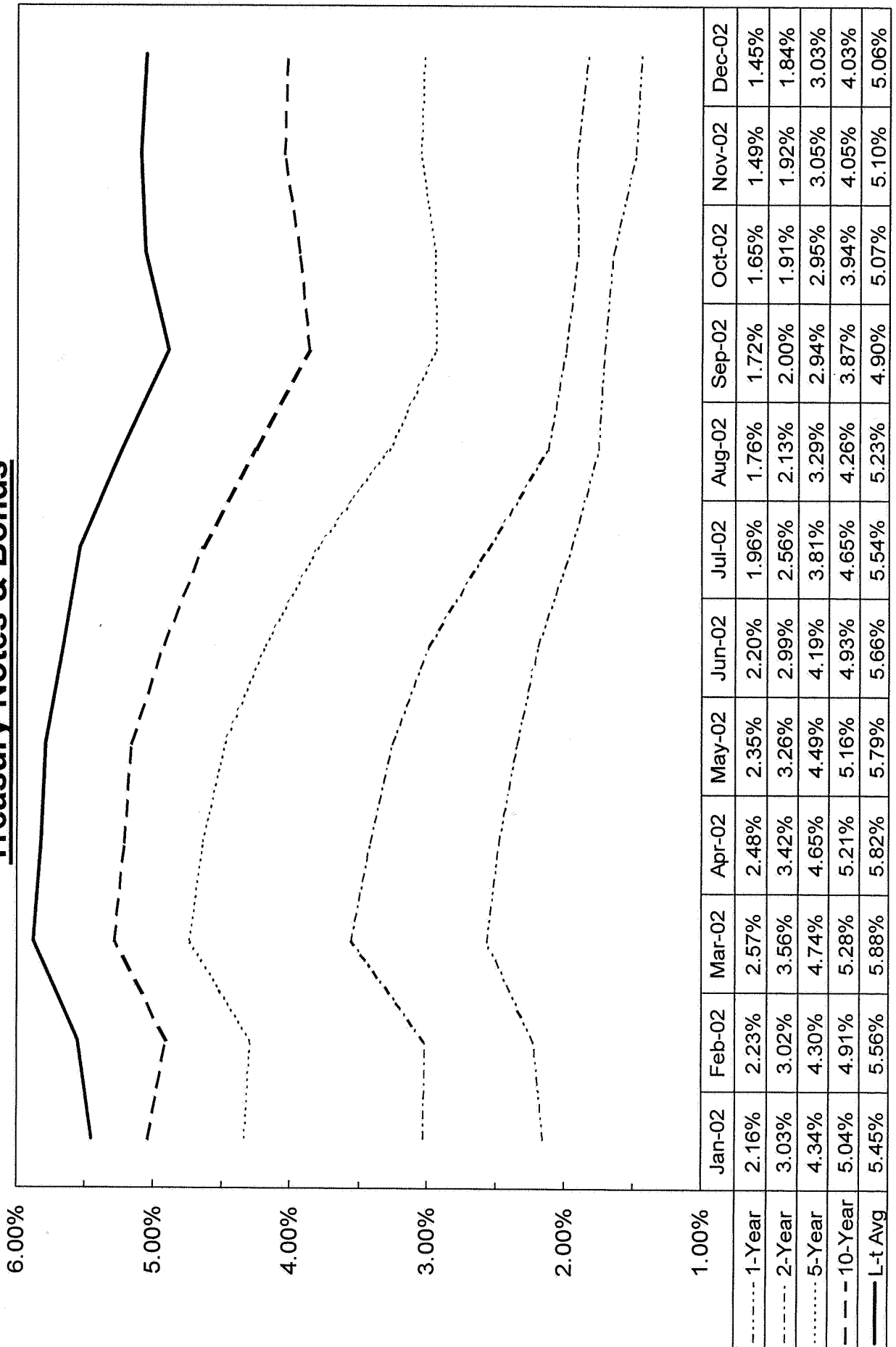
<u>Total Returns</u>	<u>Range</u>		<u>Midpoint</u>	<u>Point</u>	<u>Average</u>
	<u>Geometric</u>	<u>Median</u>		<u>Estimate</u>	
	<u>Mean</u>			<u>Arithmetic</u>	<u>of the</u>
				<u>Mean</u>	<u>Midpoint</u>
					<u>of Range</u>
					<u>and Point</u>
					<u>Estimate</u>
<u>1928-2001</u>					
S&P Public Utility Index	8.77%	11.26%		11.11%	
Public Utility Bonds	<u>5.49%</u>	<u>4.55%</u>		<u>5.79%</u>	
Risk Differential	<u>3.28%</u>	<u>6.71%</u>	<u>5.00%</u>	<u>5.32%</u>	<u>5.16%</u>
<u>1952-2001</u>					
S&P Public Utility Index	11.18%	12.05%		12.62%	
Public Utility Bonds	<u>6.30%</u>	<u>5.08%</u>		<u>6.63%</u>	
Risk Differential	<u>4.88%</u>	<u>6.97%</u>	<u>5.93%</u>	<u>5.99%</u>	<u>5.96%</u>
<u>1974-2001</u>					
S&P Public Utility Index	13.45%	14.72%		15.33%	
Public Utility Bonds	<u>9.22%</u>	<u>9.45%</u>		<u>9.61%</u>	
Risk Differential	<u>4.23%</u>	<u>5.27%</u>	<u>4.75%</u>	<u>5.72%</u>	<u>5.24%</u>
<u>1979-2001</u>					
S&P Public Utility Index	14.37%	14.82%		16.07%	
Public Utility Bonds	<u>9.87%</u>	<u>9.45%</u>		<u>10.24%</u>	
Risk Differential	<u>4.50%</u>	<u>5.37%</u>	<u>4.94%</u>	<u>5.83%</u>	<u>5.39%</u>

**Value Line Betas for
Barometer Group**

<u>Company</u>	<u>Value Line</u>
AGL Resources, Inc.	0.75
Atmos Energy Corporation	0.60
New Jersey Resources Corp.	0.65
NICOR, Inc.	0.85
Peoples Energy Corp.	0.75
Piedmont Natural Gas Co.	0.70
South Jersey Industries, Inc.	0.50
WGL Holdings, Inc.	0.65
Average	<u>0.68</u>

Source of Information:
Value Line Investment Survey
issue dated December 20, 2002

Yields on Treasury Notes & Bonds



**Interest Rates for Treasury Constant Maturities
Yearly for 1997-2001
and the Twelve Months Ended December 2002**

<u>Years</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>20-Year</u>	<u>Long-term Average</u> ⁽¹⁾
1997	5.63%	5.99%	6.10%	6.22%	6.33%	6.35%	6.69%	6.61%
1998	5.05%	5.13%	5.14%	5.15%	5.28%	5.26%	5.72%	5.58%
1999	5.08%	5.43%	5.49%	5.55%	5.79%	5.65%	6.20%	5.87%
2000	6.11%	6.26%	6.22%	6.16%	6.20%	6.03%	6.23%	5.94%
2001	3.49%	3.83%	4.09%	4.56%	4.88%	5.02%	5.63%	5.49%
Five-Year Average	<u>5.07%</u>	<u>5.33%</u>	<u>5.41%</u>	<u>5.53%</u>	<u>5.70%</u>	<u>5.66%</u>	<u>6.09%</u>	<u>5.90%</u>
<u>Months</u>								
Jan-02	2.16%	3.03%	3.56%	4.34%	4.79%	5.04%	5.69%	5.45%
Feb-02	2.23%	3.02%	3.55%	4.30%	4.71%	4.91%	5.61%	5.56%
Mar-02	2.57%	3.56%	4.14%	4.74%	5.14%	5.28%	5.93%	5.88%
Apr-02	2.48%	3.42%	4.01%	4.65%	5.02%	5.21%	5.85%	5.82%
May-02	2.35%	3.26%	3.80%	4.49%	4.90%	5.16%	5.81%	5.79%
Jun-02	2.20%	2.99%	3.49%	4.19%	4.60%	4.93%	5.65%	5.66%
Jul-02	1.96%	2.56%	3.01%	3.81%	4.30%	4.65%	5.51%	5.54%
Aug-02	1.76%	2.13%	2.52%	3.29%	3.88%	4.26%	5.19%	5.23%
Sep-02	1.72%	2.00%	2.32%	2.94%	3.50%	3.87%	4.87%	4.90%
Oct-02	1.65%	1.91%	2.25%	2.95%	3.54%	3.94%	5.00%	5.07%
Nov-02	1.49%	1.92%	2.32%	3.05%	3.64%	4.05%	5.04%	5.10%
Dec-02	1.45%	1.84%	2.23%	3.03%	3.63%	4.03%	5.01%	5.06%
Twelve-Month Average	<u>2.00%</u>	<u>2.64%</u>	<u>3.10%</u>	<u>3.82%</u>	<u>4.30%</u>	<u>4.61%</u>	<u>5.43%</u>	<u>5.42%</u>
Six-Month Average	<u>1.67%</u>	<u>2.06%</u>	<u>2.44%</u>	<u>3.18%</u>	<u>3.75%</u>	<u>4.13%</u>	<u>5.10%</u>	<u>5.15%</u>
Three-Month Average	<u>1.53%</u>	<u>1.89%</u>	<u>2.27%</u>	<u>3.01%</u>	<u>3.60%</u>	<u>4.01%</u>	<u>5.02%</u>	<u>5.08%</u>

Note: (1) Prior to February 18, 2002, the yields represented the 30-year Treasury constant maturity series.

Measures of the Risk-Free Rate

The forecast of Treasury yields
per the consensus of nearly 50 economists
reported in the Blue Chip Financial Forecasts dated January 1, 2003

<u>Year</u>	<u>Quarter</u>	<u>1-Year Treasury Bill</u>	<u>2-Year Treasury Note</u>	<u>5-Year Treasury Note</u>	<u>10-Year Treasury Note</u>	<u>Long-term Average</u>
2003	First	1.6%	2.0%	3.1%	4.1%	5.1%
2003	Second	1.7%	2.1%	3.3%	4.3%	5.2%
2003	Third	2.0%	2.5%	3.6%	4.5%	5.3%
2003	Fourth	2.5%	2.9%	4.0%	4.8%	5.6%
2004	First	2.9%	3.3%	4.2%	5.0%	5.7%
2004	Second	3.3%	3.6%	4.5%	5.2%	5.8%

THE VALUE LINE

Investment Survey®

Part 1 Summary & Index

File at the front of the
Ratings & Reports
binder. Last week's
Summary & Index
should be removed.

December 27, 2002

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SCREENS

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The Median of Estimated
PRICE-EARNINGS RATIOS
of all stocks with earnings

15.6

26 Weeks Ago	Market Low	Market High
18.5	9-21-01	4-16-02
	15.4	20.9

The Median of Estimated
DIVIDEND YIELDS
(next 12 months) of all dividend
paying stocks under review

2.1%

26 Weeks Ago	Market Low	Market High
1.7%	9-21-01	4-16-02
	2.2%	1.6%

The Estimated Median Price
APPRECIATION POTENTIAL
of all 1700 stocks in the hypothesized
economic environment 3 to 5 years hence

80%

26 Weeks Ago	Market Low	Market High
65%	9-21-01	4-16-02
	105%	55%

ANALYSES OF INDUSTRIES IN ALPHABETICAL ORDER WITH PAGE NUMBER

Numerals in parenthesis after the industry is rank for probable performance (next 12 months).

	PAGE		PAGE		PAGE		PAGE
Advertising (89)	1923	Educational Services (6)	1586	*Insurance (Prop/Cas.) (22)	586	Railroad (47)	288
*Aerospace/Defense (42)	543	Electrical Equipment (92)	1001	Internet (18)	2225	R.E.I.T. (56)	1178
Air Transport (91)	253	Electric Util. (Central) (93)	695	Investment Co. (20)	958	Recreation (34)	1841
Apparel (43)	1651	Electric Utility (East) (86)	154	Investment Co.(Foreign) (24)	368	Restaurant (15)	296
Auto & Truck (33)	101	Electric Utility (West) (83)	1775	Machinery (79)	1331	Retail Building Supply (13)	881
Auto Parts (40)	797	Electronics (94)	1023	Manuf. Housing/RV (16)	1556	Retail (Special Lines) (19)	1707
Bank (17)	2101	Entertainment (37)	1861	Maritime (73)	280	Retail Store (48)	1671
Bank (Canadian) (70)	1572	Entertainment Tech (75)	1599	*Medical Services (1)	629	Securities Brokerage (61)	1425
*Bank (Midwest) (32)	613	Environmental (28)	357	Medical Supplies (9)	177	Semiconductor (96)	1052
Beverage (Alcoholic) (7)	1539	Financial Svcs. (Div.) (39)	2133	*Metal Fabricating (95)	564	Semiconductor Equip (97)	1091
Beverage (Soft Drink) (2)	1547	Food Processing (38)	1481	Metals & Mining (Div.) (80)	1226	Shoe (11)	1694
*Biotechnology (63)	672	Food Wholesalers (72)	1533	Natural Gas (Distrib.) (60)	459	*Steel (General) (62)	576
Building Materials (30)	851	Foreign Electronics (74)	1563	Natural Gas (Div.) (66)	437	Steel (Integrated) (49)	1414
Cable TV (88)	829	Foreign Telecom. (71)	770	Newspaper (23)	1909	Telecom. Equipment (85)	744
Canadian Energy (31)	428	Furn/Home Furnishings (35)	894	Office Equip/Supplies (25)	1135	Telecom. Services (41)	720
Cement & Aggregates (78)	887	Grocery (65)	1518	Oilfield Svcs/Equip. (69)	1943	Textile (50)	1665
Chemical (Basic) (77)	1236	*Healthcare Information (59)	660	Packaging & Container (26)	923	Thrift (8)	1161
Chemical (Diversified) (57)	1965	Home Appliance (12)	117	Paper/Forest Products (87)	905	Tire & Rubber (51)	111
Chemical (Specialty) (29)	478	Homebuilding (5)	867	Petroleum (Integrated) (90)	405	Tobacco (67)	1579
Coal (82)	529	Hotel/Gaming (14)	1878	Petroleum (Producing) (46)	1932	Toiletries/Cosmetics (4)	818
Computers/Peripherals (64)	1105	Household Products (21)	939	Pharmacy Services (3)	785	Trucking (27)	268
Computer Software/Svcs (55)	2171	Human Resources (76)	1290	Power (98)	973	Water Utility (53)	1420
Diversified Co. (45)	1377	Industrial Services (44)	327	Precious Metals (52)	1219	Wireless Networking (84)	513
Drug (36)	1244	Information Services (10)	383	Precision Instrument (81)	124		
E-Commerce (54)	1435	Insurance (Life) (68)	1205	Publishing (58)	1896		

*Reviewed in this week's issue.

In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LVIII, No. 17.

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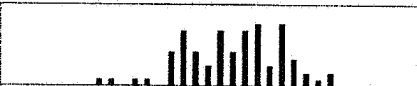
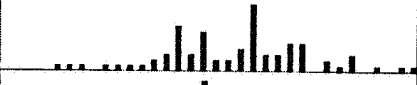
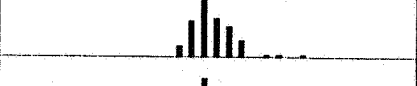

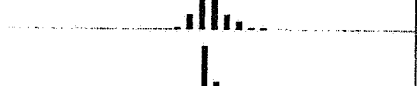

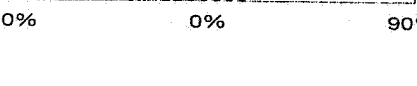
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The Long Run Perspective

Table 2-1

Basic Series: Summary Statistics of Annual Total Returns

from 1926 to 2001

Series	Geometric Mean	Arithmetic Mean	Standard Deviation	Distribution
Large Company Stocks	10.7%	12.7%	20.2%	
Small Company Stocks	12.5	17.3	33.2	 *
Long-Term Corporate Bonds	5.8	6.1	8.6	
Long-Term Government	5.3	5.7	9.4	
Intermediate-Term Government	5.3	5.5	5.7	
U.S. Treasury Bills	3.8	3.9	3.2	
Inflation	3.1	3.1	4.4	

*The 1933 Small Company Stocks Total Return was 142.9 percent.

Comparable Earnings Approach

Using All Value Line Non-Utility Companies with
Timeliness of 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B+, B++, & A;
Price Stability of 85 to 100; Betas of .50 to .85; and Technical Rank of 2 & 3

Company	Industry	Timeliness Rank	Safety Rank	Financial Strength	Price Stability	Beta	Technical Rank
ABM Industries Inc.	INDUSRV	3	3	B++	85	0.75	3
Alexander & Baldwin	MARITIME	3	3	B+	95	0.80	3
Amerada Hess	OILINTEG	3	2	A	85	0.85	3
Ampco-Pittsburgh	STEEL	3	3	B+	90	0.55	3
Archer Daniels Midl'd	FOODPROC	3	3	B+	90	0.65	2
Ashland Inc.	OILINTEG	4	2	B++	95	0.85	3
Baldor Electric	ELECEQ	4	2	B++	95	0.80	3
Banta Corp.	PUBLISH	3	3	B++	90	0.70	3
Butler Mfg.	BUILDING	4	2	B++	95	0.70	3
Campbell Soup	FOODPROC	3	2	B++	95	0.60	3
Cincinnati Financial	INSRPTY	3	2	B++	85	0.85	3
CLARCOR Inc.	PACKAGE	3	2	B++	90	0.75	2
ConAgra Foods	FOODPROC	3	2	A	85	0.65	2
ConocoPhillips	OILINTEG	4	3	B++	95	0.85	3
Curtiss-Wright	MACHINE	3	2	B++	90	0.65	2
Deluxe Corp.	PUBLISH	3	2	B++	90	0.85	3
Federal Signal	ELECEQ	3	2	A	85	0.85	3
Ferro Corp.	CHEMSPEC	3	2	B+	90	0.80	3
Gen'l Mills	FOODPROC	3	2	B+	100	0.50	2
Harte-Hanks	ADVERT	3	2	B++	85	0.85	3
Hormel Foods	FOODPROC	3	1	A	100	0.55	3
Kirby Corp.	MARITIME	3	3	B+	85	0.80	3
Knight Ridder	NWSPAPER	3	2	B++	100	0.85	3
Lance Inc.	FOODPROC	3	3	B+	90	0.55	3
Lawson Products	METALFAB	3	1	A	95	0.50	3
Lee Enterprises	NWSPAPER	3	1	A	100	0.85	3
Liberty Corp.	ENTRTAIN	3	2	B+	100	0.80	2
Markel Corp.	INSRPTY	3	2	B++	100	0.75	3
Minerals Techn.	CHEMSPEC	3	2	B++	85	0.85	3
Murphy Oil Corp.	OILINTEG	3	2	A	85	0.85	3
National Presto Ind.	APPLIANC	3	2	B+	100	0.50	3
Old Nat'l Bancorp	BANKMID	3	1	A	100	0.65	2
Packaging Corp.	PACKAGE	3	3	B+	85	0.80	2
People's Bank	THRIFT	3	3	B+	95	0.85	3
Pulitzer Inc.	NWSPAPER	3	3	B+	95	0.75	3
Quaker Chemical	CHEMSPEC	3	3	B+	90	0.75	2
Ruddick Corp.	GROCERY	3	3	B+	85	0.70	3
Selective Ins. Group	INSRPTY	3	3	B+	90	0.75	2
Sensient Techn.	FOODPROC	3	2	B++	95	0.65	2
Standex Int'l	DIVERSIF	3	2	B++	85	0.75	3
Tecumseh Products 'A'	MACHINE	3	2	A	85	0.75	2
Tennant Co.	MACHINE	4	2	B++	95	0.65	3
Transatlantic Hldgs.	INSRPTY	3	2	B++	100	0.75	3
Unitrin Inc.	FINANCL	4	2	B++	100	0.80	3
Universal Corp.	TOBACCO	3	2	A	90	0.65	3
Unocal Corp.	OILINTEG	3	3	B+	85	0.85	3
UST Inc.	TOBACCO	4	3	B+	85	0.85	3
Wendy's Int'l	RESTRNT	3	2	A	85	0.60	3
West Pharmac. Svcs.	MEDSUPPL	4	2	B+	100	0.65	3
Average		3	2	B++	92	0.73	3
Barometer Group	Range	3 to 4	1 to 3	B+ to A	85 to 100	.50 to .85	2 to 3
	Average	3	2	B++	98	0.68	2

Source of Information: Value Line Investment Survey for Windows, December 2002

Comparable Earnings Approach
Five -Year Average Historical Earned Returns
for Years 1997-2001 and
Projected 3-5 Year Returns

Company	1997	1998	1999	2000	2001	Average	Projected 2005-07
ABM Industries Inc.	13.3%	13.9%	14.0%	13.7%	12.5%	13.5%	16.0%
Alexander & Baldwin	9.6%	8.6%	10.8%	11.3%	9.5%	10.0%	12.5%
Amerada Hess	0.4%	NMF	10.1%	25.4%	19.2%	13.8%	8.5%
Ampco-Pittsburgh	11.1%	11.0%	9.9%	10.0%	NMF	10.5%	10.0%
Archer Daniels Midl'd	9.2%	6.8%	4.5%	4.9%	6.1%	6.3%	9.0%
Ashland Inc.	10.9%	12.3%	9.8%	14.9%	18.2%	13.2%	12.0%
Baldor Electric	16.6%	16.9%	16.4%	17.7%	8.5%	15.2%	14.5%
Banta Corp.	12.5%	12.9%	15.4%	15.8%	14.2%	14.2%	11.0%
Butler Mfg.	13.5%	11.8%	14.1%	15.1%	7.1%	12.3%	10.5%
Campbell Soup	61.5%	NMF	NMF	NMF	NMF	61.5%	51.5%
Cincinnati Financial	6.3%	4.3%	4.7%	2.0%	3.2%	4.1%	7.0%
CLARCOR Inc.	16.5%	17.2%	16.8%	16.6%	15.3%	16.5%	14.0%
ConAgra Foods	24.9%	22.6%	23.9%	27.0%	17.1%	23.1%	19.5%
ConocoPhillips	16.7%	8.0%	10.5%	28.4%	11.4%	15.0%	10.0%
Curtiss-Wright	12.8%	12.7%	12.3%	13.1%	11.6%	12.5%	12.0%
Deluxe Corp.	28.8%	30.9%	48.7%	64.5%	NMF	43.2%	42.0%
Federal Signal	19.7%	18.5%	16.3%	16.1%	13.0%	16.7%	17.0%
Ferro Corp.	23.0%	24.5%	24.6%	23.7%	12.0%	21.6%	20.5%
Gen'l Mills	96.0%	NMF	NMF	-	NMF	96.0%	30.0%
Harte-Hanks	7.8%	11.6%	12.6%	14.9%	14.4%	12.3%	15.0%
Hormel Foods	13.2%	15.0%	19.0%	19.5%	18.3%	17.0%	19.0%
Kirby Corp.	10.4%	15.9%	10.2%	13.0%	13.2%	12.5%	11.5%
Knight Ridder	15.0%	18.4%	19.1%	20.4%	11.8%	16.9%	17.0%
Lance Inc.	16.1%	14.8%	13.7%	12.6%	13.4%	14.1%	14.0%
Lawson Products	15.3%	13.6%	15.9%	16.3%	8.7%	14.0%	15.0%
Lee Enterprises	19.6%	19.5%	19.2%	14.9%	9.7%	16.6%	11.5%
Liberty Corp.	10.5%	9.8%	7.2%	4.4%	2.8%	6.9%	70.0%
Markel Corp.	9.8%	10.0%	7.6%	NMF	NMF	9.1%	8.5%
Minerals Techn.	10.8%	11.7%	12.8%	12.6%	10.2%	11.6%	10.5%
Murphy Oil Corp.	12.3%	4.5%	9.4%	24.3%	17.6%	13.6%	13.0%
National Presto Ind.	6.8%	7.8%	8.2%	6.2%	2.7%	6.3%	7.0%
Old Nat'l Bancorp	12.7%	14.5%	16.8%	14.0%	15.5%	14.7%	14.0%
Packaging Corp.				19.9%	14.0%	17.0%	16.5%
People's Bank	13.0%	11.7%	14.3%	12.3%	2.6%	10.8%	11.5%
Pulitzer Inc.	21.2%	7.0%	2.8%	4.4%	1.3%	7.3%	6.5%
Quaker Chemical	16.1%	16.2%	19.0%	20.2%	16.8%	17.7%	26.0%
Ruddick Corp.	12.5%	11.4%	11.4%	10.8%	10.8%	11.4%	12.0%
Selective Ins. Group	12.3%	8.8%	9.4%	4.6%	4.5%	7.9%	10.0%
Sensient Techn.	17.0%	17.9%	18.6%	16.7%	15.1%	17.1%	16.5%
Standex Int'l	19.1%	19.3%	18.9%	18.5%	14.5%	11.4%	17.0%
Tecumseh Products 'A'	10.0%	9.8%	13.1%	6.6%	4.4%	8.8%	8.5%
Tennant Co.	18.1%	19.3%	17.7%	18.2%	7.8%	16.2%	14.0%
Transatlantic Hldgs.	13.7%	15.4%	11.4%	11.4%	10.1%	12.4%	13.5%
Unitrin Inc.	9.9%	8.4%	8.5%	6.5%	2.6%	7.2%	6.0%
Universal Corp.	21.5%	23.8%	23.6%	23.7%	21.4%	18.1%	17.5%
Unocal Corp.	28.9%	5.9%	5.2%	26.6%	19.2%	17.2%	17.0%
UST Inc.	100.3%	97.2%	233.7%	163.3%	84.6%	135.8%	58.0%
Wendy's Int'l	15.2%	13.9%	15.6%	16.1%	18.8%	15.9%	16.5%
West Pharmac. Svcs.	13.1%	16.3%	15.7%	8.3%	11.8%	13.0%	17.5%
Average						19.0%	17.1%
Median						13.8%	14.0%